

# C.U.SHAH UNIVERSITY

## Summer Examination-2022

**Subject Name: Company Accounts - I**

**Subject Code: 4CO03COA1**

**Branch: B.Com (English)**

**Semester: 3**

**Date: 27/04/2022**

**Time: 02:30 To 05:30**

**Marks: 70**

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1 Attempt the following questions: (14)**
- a)** A Ltd. issued 3000 equity shares of Rs.10 each at discount of 10% in order to redeem redeemable preference shares of Rs.1,00,000 then the amount to be transferred to capital redemption reserve A/c will be 1
- (a) 70,000 (b) 73,000  
(c) 27,000 (d) 67,000
- b)** If preference shares are redeemed at a premium, provision for premium amount is made from 1
- (a) Securities premium A/c (b) Forfeited share A/c  
(c) Amount received from issue of new shares (d) Profit on sale of investment
- c)** Bank overdraft is shown under the following head in the balance sheet. 1
- (a) Secured Lone (b) Current liabilities & provision  
(c) Unsecured Loan (d) Deducted from forfeited shares A/c
- d)** Reserve capital is ..... 1
- (a) capital not issued (b) a type of reserve fund  
(c) capital not called (d) None
- e)** The title of Indian Accounting Standard No.11 is ..... 1
- (a) Government Accounts (b) Accounts of Government Assets  
(c) Accounting for foreign branches (d) Accounting for investments
- f)** Securities premium Account is shown in the Balance Sheet under the head of ..... 1
- (a) Share Capital A/c (b) Reserve and Surplus  
(c) Current Liabilities (d) Non-Current Liabilities
- g)** Dividend are usually paid on 1
- (a) Authorised Capital (b) Issued Capital  
(c) Paid up capital (d) Reserve capital
- h)** Under Section 55 of the Companies Act, 2013, Preference shares cannot be Redeemed ..... 1
- (a) Out of amount received from issue of debentures  
(b) Out of received from issue of Preference Shares  
(c) Out of amount received from issue of Equity Shares  
(d) Non of the Above



- i) Which type of Preference Shares can be redeemed? 1  
 (a) Convertible Preference Shares (b) Fully paid Redeemable Pref. Shares  
 (c) Partly paid Redeemable Pref. Shares (d) None of the above
- j) 2,00,000 Equity Shares of Rs. 10 each, Rs. 8 paid up on which 10% is the Interim dividend declared, then the amount of dividend will be- 1  
 (a) Rs. 80,000 (b) Rs. 1,60,000 (c) Rs. 2,00,000 (d) Non of the Above
- k) Corporate dividend tax is computed on ..... 1  
 (a) Proposed dividend (b) Profit after tax  
 (c) Provision of income tax (d) Income from business operation
- l) By Closing Underwriting Commission A/c, in which account the balance will be carry forwarded by the company? 1  
 (a) To Share-Debenture A/c (b) To Bank A/c  
 (c) To Underwriters A/c (d) To Profit & Loss A/c
- m) What will be share underwriters considered from the view point of company? 1  
 (a) Third parties (b) Promoters (c) Regulators (d) None of the above
- n) On debenture of Rs. 50, maximum amount of underwriting commission allowable is.... 1  
 (a) Rs. 4 (b) Rs. 2.50 (c) Rs. 1.25 (d) Rs. 5

**Q-2 Attempt all questions (14)**

- a. Give the reasons for reducing capital, Explain methods of reducing Share capital. 7
- b. Give the specimen of capital reduction A/c with imaginary figures. 7

**Q-3 Attempt all questions (14)**

- a. Balance Sheet of X Co. Ltd as on 31-3-2016 is as follows: 7

Liabilities	Rs.	Assets	Rs.
40,000 equity shares each of Rs. 10	4,00,000	Fixed assets	6,00,000
Capital Redemption Reserve	75,000	Current assets	3,40,000
Security premium	75,000		
Development Rebate Reserve	1,15,000		
Investment Reserve	1,25,000		
General Reserve	1,50,000		
	9,40,000		9,40,000

The company wanted to issue bonus shares to his shareholders on one for two basis. Pass necessary journal entries in the books of X Ltd, and prepare Balance sheet after issue of bonus shares.

- b. Give the provisions of companies' act, 2013 for redemption of redeemable preference shares. 7

**Q-4 (14)**

The following is the Trial Balance of Shakti Ltd. as on 31-03-2015:

Debit Balance	Rs.	Credit Balance	Rs.
Debenture Interest paid	15,000	Share Capital	10,00,000
Calls in Arrears	50,000	General Reserve	60,000
Purchases	5,00,000	Debenture Red. Reserve	40,000
Opening Stock	80,000	10% Debentures	2,00,000
Debtors	2,00,000	Public Deposit	80,000



Telephone Deposit	30,000	Purchase Return	20,000
10% Gov. Loan	1,00,000	Sales	12,00,000
Land & Building	14,00,000	Creditors	30,000
Plant & Machinery	2,30,000	Unclaimed Dividend	10,000
Sales Return	25,000	Bad Debt Reserve	18,000
Salaries	50,000	Profit & Loss (1-4-'14)	42,000
Office Expenses	20,000		
	<u>27,00,000</u>		<u>27,00,000</u>

Additional Information:

1. Closing Stoc Rs. 40,000
  2. Make provision for bad debt, at 10% on debtors.
  3. Provide depreciation on land & Building at 5% and Plant & Machinery at 10%.
  4. Make provision for tax at 50%.
  5. Proposed dividend 10% on share capital, after transferring Rs. 20,000 to Genera Reserve.
  6. Provide Corporate dividend tax at 20%(including surcharge and cess) on divided.
- Prepare Final Accounts as per Schedule III of Companies Act, 2013.

**Q-5**

**(14)**

Balance Sheet of A Co. Ltd as on 31-3-2016 is as under:

Liabilities	Rs.	Assets	Rs.
75,000 equity shares each of Rs. 10	7,50,000	Fixed assets	13,35,000
3750, 12% redeemable preference shares of Rs. 100 each Rs. 80 paid	3,00,000	Investment	1,12,500
General Reserve	5,70,000	Stock	1,24,000
Security premium	12,500	Debtors	2,16,000
Profit & Loss A/c	30,000	Bank Balance	62,500
Creditors	1,87,500		
	<u>18,50,000</u>		<u>18,50,000</u>

Redeemable preference shares are to be redeemed at 5% premium after making necessary provisions as per companies Act. New bank balance in the business is to be retained as Rs. 75,000. All investments were sold at Rs. 1,06,250. The company has decided to issue Equity shares of Rs.100 each at 10% discount adequate number. The share issue is fully subscribed.

Write journal entries in the books of A Co. Ltd.

**Q-6**

**Attempt all questions**

**(14)**

- a. Explain the advantages of underwriting, Discuss the types of underwriting agreements. **7**
- b. B Limited issued 5,00,000 shares of Rs.10 each at 50% premium. These were underwritten as follows: **7**  
 W: 30%, X: 30%, Y: 20%, Z: 20%  
 In addition to the above underwriting there was a firm underwriting as follows:  
 W: 15,000 shares, X: 10,000 shares, Y: 20,000 shares, Z: 5,000 shares.  
 Total subscriptions received by company (excluding firm underwriting but including marked applications ) were 4,00,000 shares  
 The marked applications were as follows:



W: 70,000 shares, X: 1,30,000 shares, Y: 60,000 shares, Z: 40,000 shares.  
They are entitled to get 5% commission. You are required to determine the liabilities of underwriting. If underwriters were not given any credit for firm underwriting.

- Q-7**      **Attempt all questions**      **(14)**
- a.** State the provisions of companies' act, 2013 relating to capital reduction.      **7**
- b.** Explain the disclosure provision of AS-11.      **7**
- Q-8**      **Attempt all questions**
- a.** Mahesh Air Services Ltd. Having sufficient balance to the credit of Profit and Loss Account decided as under:      **7**
- 1) To redeem 12% 16,000 redeemable Preference Shares of Rs. 10 each fully paid at a premium of Re. 1 per share.
- 2) To apply the resultant Reserve Fund in paying the unissued shares of the company distributed as fully paid Equity Shares of Rs. 10 each by way of bonus to its members.
- Show the journal entries required to record the redemption and the bonus issue.
- b.** Give specimen of balance sheet and statement of profit and loss as per schedule-III of companies act, 2013.      **7**

